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Chile

CANNED DECIDUOUS FRUIT ANNUAL

Canned Peach and Canned Peach Puree Annual

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Report Highlights:

Although it is early to predict next year's production, Chile's canned peach production and exports in 2009 are expected to stay unchanged for the next growing season.

Executive Summary:

The initial forecast for Chilean canned peach and puree production and exports for 2009 (Jan-Dec 2010) shows a similar production level than last year, as prices and export demand have fallen significantly due to the world economic.

Commodities:

Peaches, Canned

Production:

Although it is still early for a good prediction, production forecasts for 2009 (Jan-Dec 2010) indicate a similar level of output than the previous year. Although weather has been good during the winter months an industry source indicated that due to a weak export demand as a result of the economic crisis, most processors will accept less fruit for canning and reduce output in an effort of reducing large stocks accumulated beginning 2007. As a result farmers will increase pruning and reduce fruit production and deliveries to the processing industry. It is expected that increasing volumes will be delivered to alternative processing industries like drying or to the fresh peach consumption market.

Canned peach production shown in our PSD table for 2007 (Jan-Dec 2008) is not the result of an increase in output, it reflects more accurate information provided by industry sources. Peach production in Chile normally is delivered fresh to canneries without any pre-selection. A certain percentage of the fruit is rejected immediately before being processed and destined mainly for pulp production. The difference between the figure for production and deliveries includes canning rejects, which are either processed as juice or pulp, or totally discarded as waste. The pulp is used for a variety of products, including jams and confectionary products and also exported.

Latest figures published by the Ministry of Agriculture show that the total planted area of peaches for canning expanded significantly as a result of excellent economic results obtained during the last 4 years when compared to alternative crops, to a little over 10,500 hectares, up from 7,500 hectares in 2007. Producers claim that the processing industry promoted the increase in planted area during the last few years but as a result of a significant reduction of the export demand and prices for canned peaches in part as a result of the economic crisis that is affecting most economies, the industry is now not accepting the increased volumes of fruit produced by farmers. Farmers that do not have previously signed contracts with the processing industry will have no place to deliver their fruit during the coming production season as it was stated in a recent fresh fruit producer's congress. In Chile there are an estimated 1,697 producers of peaches for canning and 4 processing industries.

Of the total planted area, approximately 2,600 hectares are planted north of Santiago in Region V (San Felipe-Los Andes). In the Santiago Metropolitan Region there are 1,422 hectares. The remainder is mostly planted south of Santiago in Region VI (Rancagua). Some replanting with improved varieties also continues to take place, which is expected to result in a production expansion during the next few years. Over 27 different peach varieties for canning are planted in Chile. The most popular varieties that account for 75 percent of total planted area are Pomona, Andros, Fortuna and Phillip's Cling. Other varieties like Doctor Davies, Everts and Loadel do not exceed 6 percent each.

Peaches are canned only during the principal harvest season, which runs from December through April. Some canneries, but not all, can process other types of fruit (pears) or vegetables. Almost all canneries also produce pulp and some produce juice.

Prices offered to farmers for peaches for canning were similar than in 2007 in Chilean pesos but larger in dollar due to the revaluation of the peso against the dollar during the last two years.

Farm Prices for Peaches for Canning Purposes		
Year	Chilean Pesos per MT	U.S. Dollars per MT

2002	85,000	128.21
2003	120,000	174.17
2004	150,000	246.00
2005	85,000	146.00
2006	95,000	170.00
2007	135,000	260.00
2008	135,000	314.00
2009	118,600	200.00

Note: Chile's 2008 inflation rate was 7.1 percent, slightly down from 7.8 percent in 2007.

Consumption:

There are no official statistics on canned peach consumption, production and ending stocks. These figures are derived from the only known data, i.e., the export figures and limited information supplied by the canning industry. As a result, consumption figures may vary from report to report. In general, however, demand for canned peaches in Chile is considered to be relatively stagnant. This is partly the result of increased competition from alternative products, particularly ice cream and yogurt. Small profit margins do not permit canneries to advertise their products in the domestic market, because the potential advertising benefits are not justified by the high cost. Increased consumption figures shown in the PSD table is the result of more accurate information provided by the industry, it does not reflect an increase in consumption.

Trade:

Due to a lower production of canned peaches together with a lower export demand, total exports in 2008 (Jan-Dec 2009) is expected to be smaller than our previous estimates. A little over 90 percent of Chile's canned peaches are exported to Latin American countries. Mexico is by far the largest market for Chilean canned peaches. The industry expects Mexico to remain as the main export market for Chile, due to a high import duty (23%) for Greek canned peaches, which are Chile's largest potential competitor in that market.

Chile normally imports small amounts of canned peaches, which are mainly destined to the Governments School Lunch programs. As a result of the availability of low priced Chinese product and a strong export demand for Chilean canned peaches, imports increased significantly in 2007 (Jan-Dec 2008). Industry sources do not expect further increases in imports in the coming years.

Stocks: There are no official stock figures available. Normally, the canning industry hesitates to specify stock size out of fear that large stocks may reflect poor sales and management, or adversely affect future prices. A significant slowdown in exports in 2007 resulted in a huge increase in stocks at the end of 2008

Policy:

Chile has no production supports or subsidies for canned peaches.

Production, Supply and Demand Data Statistics:

Peaches, Canned Chile	2007			2008			2009		
	2007/2008			2008/2009			2009/2010		
	Market Year Begin: Jan 2008			Market Year Begin: Jan 2009			Market Year Begin: Jan 2010		
	USDA Official Data		Old Post	USDA Official Data		Old Post	USDA Official Data		Jan
			Data			Data			Data
Deliv. To Processors	125.000	125.000	121.600	130.000	130.000	100.800			100.800
Beginning Stocks	1.392	1.392	1.392	892	892	20.539			24.639
Production	72.000	72.000	102.000	77.500	77.500	78.000			78.000
Imports	500	500	4.637	500	500	1.500			1.500
Total Supply	73.892	73.892	108.029	78.892	78.892	100.039			104.139
Exports	60.000	60.000	62.000	65.000	65.000	48.400			60.000
Domestic Consumption	13.000	13.000	25.490	13.000	13.000	27.000			27.000
Ending Stocks	892	892	20.539	892	892	24.639			17.139
Total Distribution	73.892	73.892	108.029	78.892	78.892	100.039			104.139

Export Trade Matrix

Country	Chile					
Commodity	Peaches, Canned					
Time Period	Jan-Dec	Units:	M.T.	Units:	M.T.	
Exports for:	2007		2008		2009	
U.S.	2563	U.S.	2546	U.S.	1609	
Others		Others		Others		
Mexico	26047	Mexico	21128	Mexico	11777	
Peru	9172	Peru	12996	Venezuela	3555	
Colombia	5914	Venezuela	7869	Peru	2252	
Ecuador	4899	Ecuador	7172	Ecuador	1660	
Venezuela	4669	Colombia	6751	Colombia	1609	
Bolivia	1079	Bolivia	1616	Bolivia	845	
Costa Rica	1051	Costa Rica	809	Canada	510	
El Salvador	870	Guatemala	648	Costa Rica	297	
Guatemala	794	El Salvador	478	Guatemala	255	
Honduras	81	Canada	192	El Salvador	171	
Total for Others	54576		59659		22931	
Others not Listed	354		48		340	
Grand Total	57493		62253		24880	

Note: Trade data for CY2009 covers the months of January through August only.

Author Defined:

Canned Peach Puree

Production

Producers deliver their peach production to the canning industry normally without any pre-selection. The industry then only processes the best quality fruit into canned peaches and the remainder is then processed and destined

mainly for pulp production. Additionally some fruits are also processed for juice or jams, or totally discarded as waste. The pulp is used for a variety of products, including jams and confectionary products and also exported. Peach puree production and exports is going to be affected in a similar way than canned peaches as export demand and prices have also fallen as a result of the economic crisis that's affecting most economies in the world.

Trade

Due to a strong demand and increasing prices for canned peach puree during the last few years the industry increased production and exports until 2008. A fall in demand and prices will lower production and exports of peach puree in a similar way than canned peaches as was indicated by an industry source.

Export Trade Matrix

Export Trade Matrix					
Country	Chile				
Commodity	Peach Puree, Canned				
Time Period	Jan-Dec	Units:	M.T.	Units:	M.T.
Exports for:	2007		2008		2009
U.S.	2008	U.S.	1618	U.S.	493
Others		Others		Others	
Russia	12890	Russia	12119	Argentina	5593
Venezuela	6333	Venezuela	10961	Australia	3130
Mexico	5986	Mexico	5747	Bolivia	2213
Ecuador	2896	Brazil	4746	Brazil	1769
Brazil	2674	Ecuador	3355	Canada	1703
Peru	1902	Peru	1974	China	1335
El Salvador	1752	Colombia	1664	Colombia	1114
Guatemala	1625	El Salvador	1591	South Korea	988
Colombia	1344	Guatemala	1488	Costa Rica	609
France	846	Ukraine	949	Cuba	584
Total for Others	38248		44594		19038
Others not Listed	4320		5153		2272
Grand Total	44576		51365		21803

Note: Trade data for CY2009 covers the months of January through August only.

